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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Inspection Report

Supervisor DD2H

Minerals Regulatory Program
Date of Report: February 7, 2007

Mine Name: Lisbon Valley
Operator Name: Lisbon Valley Mining Company

Permit number: M0370088
Inspection Date: January 9, 2007
Time: 2:20-4:30 PM

Inspector(s): Paul Baker and Doug Jensen
Other Participants: Woody Campbell (Water Quality), Lantz Indergard (Lisbon Valley Mining), Chuck Bauer (driller working for Lisbon Valley), and Susan Wyman (hydrology consultant working for Lisbon Valley)
Mine Status: Active

Weather: Mostly clear, 40's, up to about six inches of snow

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	☒	☒	☐
2. Public Safety (shafts, adits, trash, signs, highwalls)	☒	☐	☐
3. Protection of Drainages / Erosion Control	☐	☐	☐
4. Deleterious Material	☒	☒	☐
5. Roads (maintenance, surfacing, dust control, safety)	☐	☐	☐
6. Concurrent Reclamation	☐	☐	☐
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)	☐	☐	☐
8. Water Impoundments	☐	☐	☐
9. Soils	☒	☒	☐
10. Revegetation	☒	☒	☐
11. Air Quality	☐	☐	☐
12. Other	☐	☐	☐

Purpose of Inspection:
We were in Moab for a meeting to discuss certain permitting issues with the operator and the BLM, and we wanted to take advantage of being in the area to look at the mine site.

Inspection Summary:
1. Permits, Revisions, Transfer, Bonds
The Division, the operator, and the BLM have been going through a series of amendments to update the mine plan and the reclamation surety, and the meeting before the inspection was to discuss these amendments.

There has also been discussion about the possibility of backfilling portions of some of the pits, whether it would be economical, environmentally sound, and politically possible.

4. Deleterious Material
At the base of the hill with the water tank were about eight barrels of a pink antifreeze substance. According to the labels, these barrels should be kept in a containment structure but were not.

There was a hose going across the road to a tank next to one of the ponds, and the connection between the hose and tank was leaking. Some of the liquid coming out would go into the pond, but some was going into a ditch from which I believe it would eventually flow into a sediment pond. As we recall, the liquid was a diluent. The leak had not been repaired by the time we left, but the operator was working on it.

9. Soils
The soil pile near the water tank and to the southwest of the leach pad has been seeded.

During the inspection, the operator was working to build a road from the Centennial Pit to Waste Dump B using waste material. The area being constructed is over a rocky, pinyon/juniper area where there was probably little soil to salvage, but as the road progresses, the operator should ensure that soil is salvaged where possible.

10. Revegetation
We noticed a lot of Russian thistle had blown into some of the ponds.

Conclusions and Recommendations:
The barrels of pink antifreeze need to be stored in a contained area.

I am not certain whether the slopes around the ponds have been seeded, but there would be a lot less Russian thistle blowing into the ponds if there was perennial vegetation. It may be difficult to establish perennial vegetation because of the smoothness of the slopes and because of compaction.

Inspector's Signature PBBM **Date:** 7/20/07

Inspector's PBB:pb
cc: Lantz Indergard, Lisbon Valley Mining
Will Stokes, SITLA
Frank Bain, Moab BLM
Attachment: Photos

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ATTACHMENT
Photographs
M0370088, Lisbon Valley Copper Mine, Lisbon Valley Mining
Inspection Dated: January 9, 2007; Report Dated: February 7, 2007

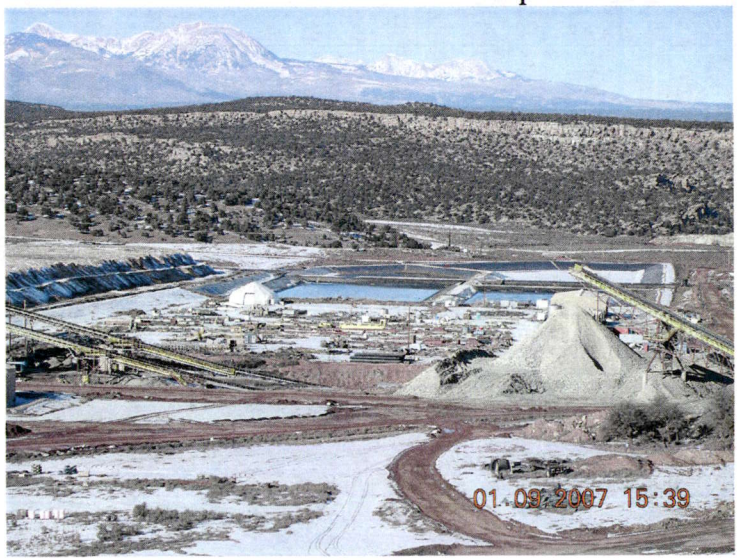

Photo 1. A portion of the processing area with the primary crusher on the right.

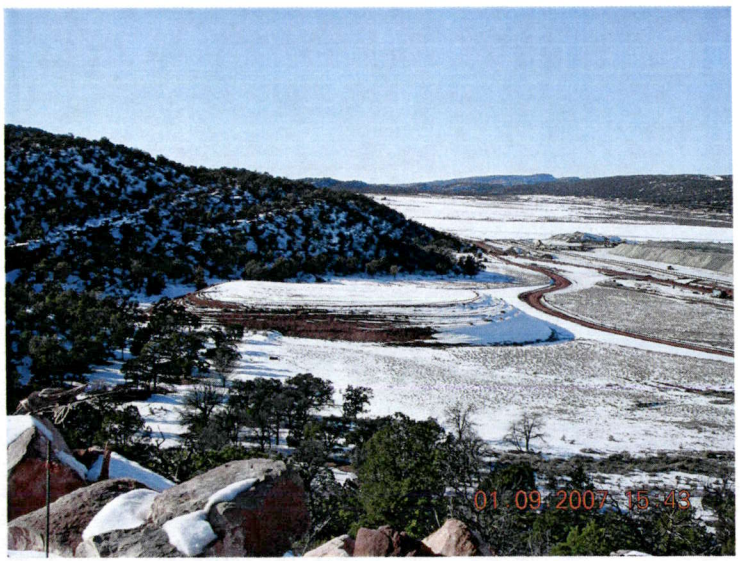

Photo 2. The topsoil pile that was seeded.

Photo 3. The Centennial Pit.

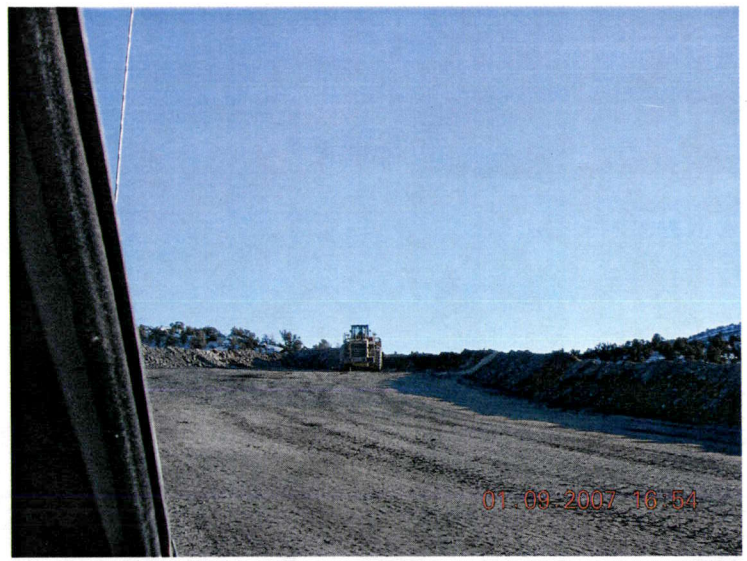

Photo 4. The beginnings of the haul road to Waste Dump B.

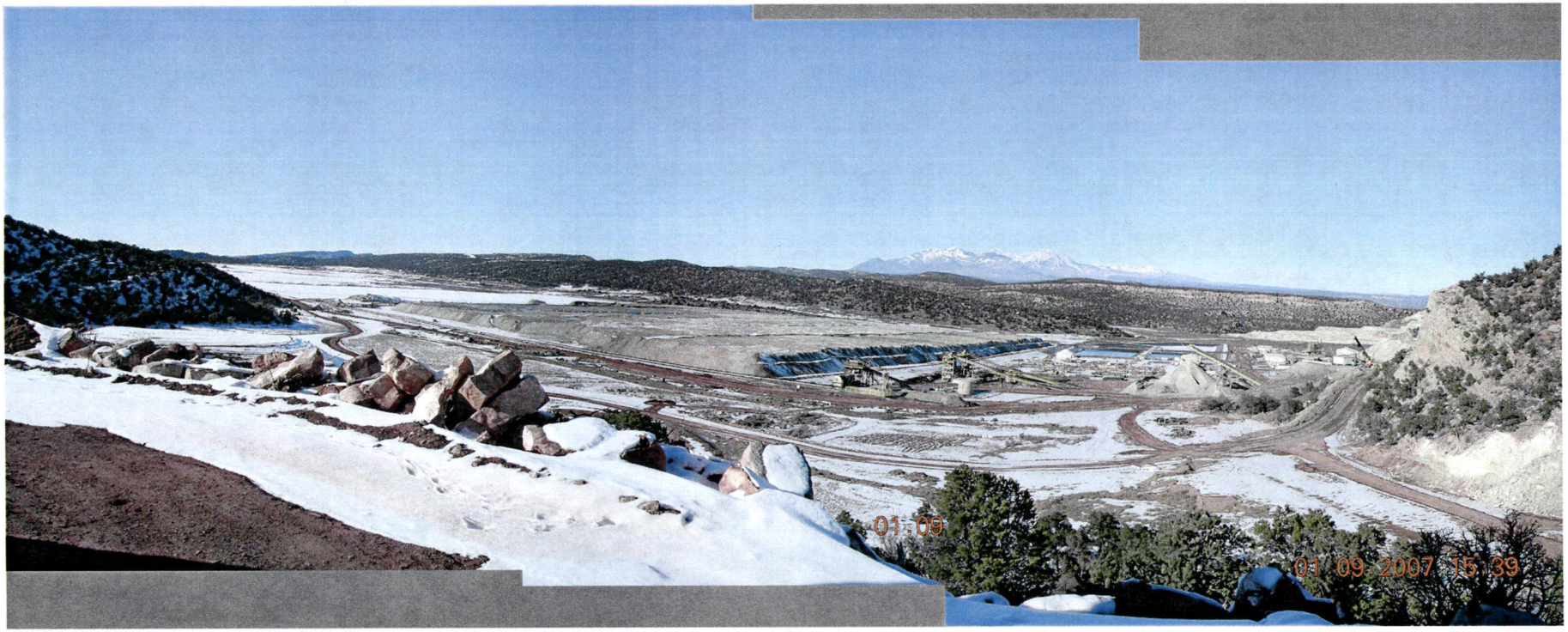

Photo 5. Panorama of the leach pad (center left) and processing facilities.